



# ***City of Austin, Texas***

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**Late Backup**  
69, 70, 71, 72

**\$20,905,000**

**Public Improvement Bonds, Series 2009A**

**\$78,460,000**

**Public Improvement Bonds, Series 2009B**

**\$12,500,000**

**Certificates of Obligation, Series 2009**

**\$13,800,000**

**Public Property Finance Contractual Obligations, Series 2009**



**The PFM Group**

Public Financial Management, Inc.  
PFM Asset Management LLC  
PFM Advisors

**Pricing Report**

**August 27, 2009**



## *Use of Proceeds*

***Public Improvements Bonds*** - Proceeds from the sale of the Bonds will be used to finance various capital improvements, and to pay certain costs of issuance of the Bonds.

***Certificates of Obligation*** - Proceeds from the sale of the Certificates will be used to finance various capital improvements and to pay certain costs of issuance of the Certificates.

***Public Property Finance Contractual Obligations*** - Proceeds from the sale of the Contractual Obligations will be used to purchase certain equipment for various City Departments and to pay costs of issuance of the Contractual Obligations.



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## *Description*

ISSUER	City of Austin, Texas
TYPE OF SALE	Negotiated
SENIOR UNDERWRITER	JP Morgan
BOND COUNSEL	McCall, Parkhurst & Horton LLP
FINANCIAL ADVISOR	Public Financial Management, Inc.
UNDERLYING RATINGS:	Fitch: AA+
	Moody's: Aa1
	S&P: AAA



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## *Bond Market Update*

WEDNESDAY'S MARKET: QUIET, BUT SOME LIFE ON THE LONG END

Aug 26 2009 3:26

By Jeanine O'Connor

NEW YORK (Thomson)-- Investors picked around the longer end of the municipal market while shunning shorter-dated maturities again.

It was a lazily traded summer session in the municipal market today. However, the longer end of the market firmed slightly, helped by thin supply levels. At the close, municipal bonds maturing in 2010 through 2017 ended unchanged, bond due in 2018 through 2024 ended one basis point firmer, and bonds due in 2025 through 2039 ended two basis points firmer.

In new issuance, JPMorgan repriced \$165 million Indianapolis Local Public Improvement Bond Bank bonds. Series 2009B, comprised of \$144 million bonds, was reoffered at yields of 2.65% in 2015 through 3.67% in 2020. The remaining \$20 million bonds in Series 2009C are taxable. Merrill Lynch priced \$161 million Wisconsin Health and Educational Facilities Authority revenue bonds. Series 2009A, totaling \$26 million revenue bonds, was priced at yields of 2.28% 4.23% in 2015, and 5.24% in 2020. Series 2009B, comprised of \$133 million term rate revenue bonds, were priced at par and mature in 2025 and 2027. Merrill Lynch also priced \$680 million Dallas County Hospital District, Texas, limited tax Build America Bonds. Series 2009B, comprised of \$222 million bonds, mature in 2020, 2021, 2022, 2023, 2024, 2025, and 2034, and were priced to yield 150, 160, 190, 205, 210, 220, and 195 basis points over their Treasury equivalents. Series 2009C, comprised of \$457 million bonds, mature in 2017, 2018, 2019, 2021, 2023, 2024, 2025, 2026, 2029, and 2044, and were priced to yield 70, 90, 100, 140, 160, 170, 180, 185, 120, and 140 basis points over their Treasury equivalents.

In the competitive sector, JPMorgan won \$174 million Florida Board of Education public improvement capital outlay refunding. It was priced at yields of 2.26% in 2014, 3.36% in 2019, and 3.98% in 2024 and coupons of 5.00%.

A well-received auction of \$39 billion in five-year notes bumped Treasury prices up again, but the market ultimately ended mixed after bouncing around a bit after the note sale. The notes went at a rate of 2.494% and indirect bidders took 56.4% of the sale.

On tomorrow's primary calendar, Citigroup is expected to price \$1 billion MSR Energy Authority, California, gas revenue bonds.

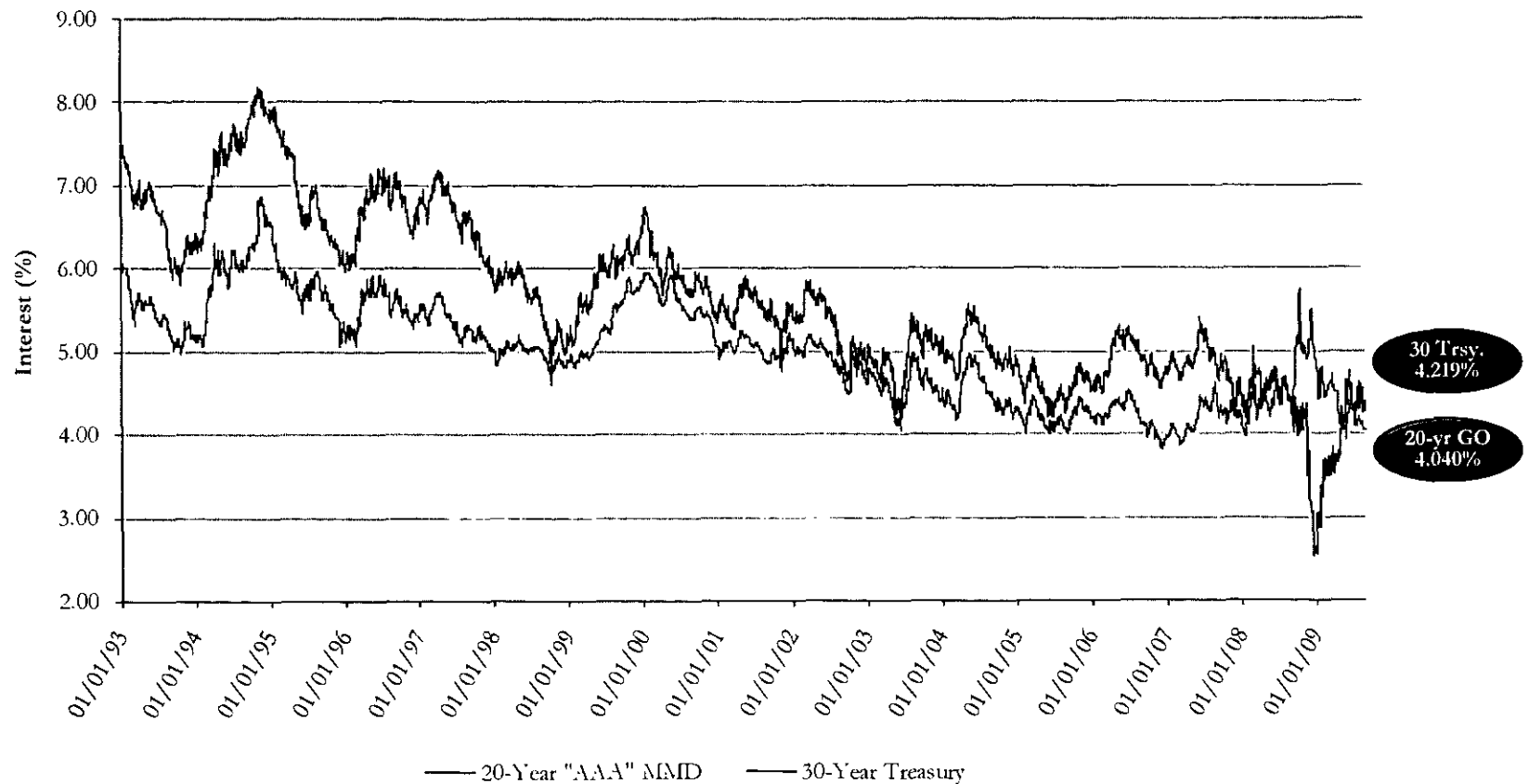


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## *AAA 20 Year GO vs. 30 Year Treasury* *January 1993 through August 2009*



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## *Municipal Markets Calendar*

### COMPETITIVE

Week of	Amount	Issuer	State	Issue	Manager
August 24, 2009	\$ 56,545,000	Fort Worth, City of	TX	GO	N/A
	\$ 375,000,000	San Francisco Public Utility	CA	Revenue	N/A
	\$ 13,502,000	Boume, City of	MA	GO	N/A
	\$ 29,411,000	Rockland County	NY	BANS	N/A
	\$ 29,295,000	Savannah, City of	GA	Refunding	N/A

### NEGOTIATED

Week of	Amount	Issuer	State	Issue	Manager
August 24, 2009	\$ 133,885,000	Austin, City of	TX	GO	JPMorgan
	\$ 704,000,000	Dallas County Hospital District	TX	Revenue	Merrill Lynch
	\$ 52,000,000	Laredo, City of	TX	Revenue	Citigroup
	\$ 67,000,000	Orlando, City of	FL	GO	Merrill Lynch
	\$ 185,000,000	Miami Dade County	FL	GO	Raymond James



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## Maturity Schedules

Public Improvement Bonds Tax-Exempt Series 2009A			
Maturity	Principal	Coupon	Yield
9/1/2010	\$ 9,515,000	2.500%	0.460%
9/1/2011	1,905,000	3.000%	0.910%
9/1/2012	1,075,000	3.000%	1.350%
9/1/2013	100,000	3.000%	1.700%
9/1/2014	2,930,000	5.000%	2.060%
9/1/2015	1,450,000	2.500%	2.310%
9/1/2015	2,695,000	5.000%	2.310%
9/1/2016	1,295,000	5.000%	2.580%

Public Improvement Bonds Federally Taxable Series 2009B			
Maturity	Principal	Coupon	Yield
9/1/2017	\$ 4,615,000	4.130%	4.146%
9/1/2018	4,865,000	4.330%	4.346%
9/1/2019	5,135,000	4.430%	4.446%
9/1/2020	5,420,000	4.680%	4.696%
9/1/2021	5,715,000	4.690%	4.746%
9/1/2022	6,030,000	4.690%	4.746%
9/1/2023	6,360,000	4.690%	4.746%
9/1/2024	6,710,000	4.690%	4.746%
9/1/2025	7,080,000	5.400%	5.310%
9/1/2026	7,470,000	5.400%	5.310%
9/1/2027	7,880,000	5.400%	5.310%
9/1/2028	4,975,000	5.400%	5.310%
9/1/2029	6,205,000	5.400%	5.310%

Certificates of Obligation, Series 2009			
Maturity	Principal	Coupon	Yield
9/1/2010	\$ 565,000	2.500%	0.750%
9/1/2011	605,000	3.000%	0.910%
9/1/2012	635,000	3.000%	1.350%
9/1/2013	670,000	3.000%	1.700%
9/1/2014	705,000	3.000%	2.060%
9/1/2015	345,000	3.000%	2.310%
9/1/2016	365,000	3.000%	2.580%
9/1/2017	385,000	3.000%	2.840%
9/1/2018	400,000	3.000%	3.060%
9/1/2019	420,000	3.125%	3.260%
9/1/2020	340,000	3.375%	3.440%
9/1/2021	355,000	3.500%	3.580%
9/1/2022	380,000	3.625%	3.710%
9/1/2023	400,000	3.750%	3.820%
9/1/2024	420,000	3.875%	3.910%
9/1/2025	440,000	4.000%	4.010%
9/1/2026	465,000	4.000%	4.100%
9/1/2027	485,000	4.125%	4.180%
9/1/2028	515,000	4.200%	4.260%
9/1/2029	540,000	4.250%	4.340%
9/1/2030	240,000	4.700%	4.750%
9/1/2031	255,000	4.700%	4.750%
9/1/2032	265,000	4.700%	4.750%
9/1/2033	280,000	4.700%	4.750%
9/1/2034	295,000	4.700%	4.750%
9/1/2035	310,000	4.750%	4.800%
9/1/2036	330,000	4.750%	4.800%
9/1/2037	345,000	4.750%	4.800%
9/1/2038	365,000	4.750%	4.800%
9/1/2039	380,000	4.750%	4.800%

PPFCO, Series 2009			
Maturity	Principal	Coupon	Yield
5/1/2010	\$ 650,000	2.500%	0.750%
11/1/2010	770,000	3.000%	0.750%
5/1/2011	790,000	3.000%	0.910%
11/1/2011	800,000	3.000%	0.960%
5/1/2012	820,000	3.000%	1.350%
11/1/2012	850,000	3.000%	1.400%
5/1/2013	855,000	3.000%	1.700%
11/1/2013	875,000	3.000%	1.750%
5/1/2014	895,000	3.000%	2.060%
11/1/2014	910,000	3.000%	2.110%
5/1/2015	935,000	3.000%	2.310%
11/1/2015	955,000	3.000%	2.360%
5/1/2016	970,000	3.000%	2.580%
11/1/2016	990,000	3.000%	2.630%
5/1/2017	275,000	3.000%	2.840%
11/1/2017	280,000	3.000%	2.890%
5/1/2018	285,000	3.000%	3.060%
11/1/2018	290,000	3.000%	3.110%
5/1/2019	300,000	3.125%	3.260%
11/1/2019	305,000	3.250%	3.310%



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TIC: 3.225947%

TIC: 4.068839%

TIC: 2.395784%



## *Build America Bonds*

- Part of the American Recovery and Reinvestment Act of 2009 (“Stimulus Package”) for the benefit of local and state governments
  - Step 1 = City issues Build America Bonds at a taxable interest rate
  - Step 2 = City receives direct payments from Department of the Treasury equal to 35% of the taxable interest payment
- Build America Bonds program is scheduled to expire at end of calendar year 2010
- Over \$24 billion of Build America Bonds have been issued in the U.S. since the inception date February 17, 2009
- Texas accounts for 17% of the Build America Bonds issued to date
- Other Texas governments who have issued Build America Bonds:
  - Texas Department of Transportation
  - Texas Public Finance Authority
  - Bexar County
  - City of Houston
  - Dallas Convention Center Hotel
  - Collin County
  - North Texas Tollway Authority



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